UNDP

UNITED NATIONS DEVELOPMENT PROGRAMME

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ENGLISH

APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF
UGANDA

IPF:(1987-91) $61 774 000

(UGA/89/001) - Strengthening the Department of Geological Survey and Mines in the Minerals Development Sector

Date of approval by the AC:[1/]	8 May 1991
Expected duration:	Three years
Proposed executing agency:	United Nations
Government implementing agency:	Ministry of Water and Mineral Resources
Proposed UNDP contribution:	$1 866 900 Source of funds: IPF
Total UNDP budget:	$1 866 900

Project background

In the 1950's the mining sector ranked third to cotton and coffee as foreign exchange earner for Uganda. The country produced copper (Kilembe mine), cobalt, phosphate, tin, tungsten, gold, and other minerals, metallic as well as non-metallic. During the best years, the mining sector employed about 10,000 people and produced approximately (US)$ 14 million. In the 1970's the production came virtually to a standstill with no private sector engaged in a mineral exploration programme.

The present inactivity of the mineral sector in Uganda is not due to the lack of mineral reserves or potential. The whole institutional framework to support, guide and provide incentive to investors in the sector has lost momentum, has become outdated and has lost its competitive edge. Also, the general knowledge of the country's geological and mineralogical documentation is being neglected, as only rare academical studies are being conducted, and the qualified professionals are tempted to leave the country and find work elsewhere.

The Institution responsible for the sector's development (Department of Geological Survey and Mines (DGMS)) needs assistance to re-equip its technical services and allow it to perform again the terms of its mandate. It possesses a considerable amount of technical information left over from colonial time; however, this is not readily accessible by visiting investors; and the DGSM is not in a position to guide them toward worthwhile mineral targets for development. A strong effort will be necessary also to train national professionals in modern mineral development techniques.

[1/] This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.

Description of project

The development objectives of the project are to: (a) rehabilitate the technical services of the DGSM to allow essential field, office and laboratory activities; (b) undertake a programme of data compilation accompanied by field verifications and complementary activities; and (c) provide the DGSM an inventory of Uganda's mineral resources, and promote the development of selected targets through private investment and/or alternate sources.

Project activities will include: (a) training a technical team of 30 technicians in modern economic evaluation techniques for mineral exploration and development, which will be in a position to continue the exploration of additional mineral targets with only punctual assistance; (b) identifying and further enhancing the economic parameters of potential mineral deposits; and (c) reducing the investment risk for the investor and thereby encouraging considerably the potential investors who have been showing interest in developing the mineral resources of the country.

UNCTC will provide the Government with a proposition for a revised mining code and an attractive model contract agreement. This package will create an economically favorable investment environment for the investor.

Inputs

UNDP will provide a senior economic geologist for 36 man-months, a field geologist for 30 man-months, a geophysicist for 23 man-months; short-term consultants for 14 months; two associate experts (mineralogist and a field geologist) for 24 man- months each; and sub-contracts for a specific analysis of physical mineralogical characteristics of industrial minerals. In addition, funds for training and specialized equipment will also be provided.

Financial data

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Personnel	1 083 900
Subcontract	77 000
Training	100 000
Equipment	500 000
Miscellaneous	96 000
Total	1 866 900

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